

Pensioner Cost-of-Living Allowance (PCOLA) Adjustment

After retirement, an individual's Basic Pension Benefit and, if applicable, the individual's Special Allowance Benefit will increase as of each Adjustment Date, with the increase based on the Pensioner **Cost-of-Living Allowance (PCOLA) adjustment.**

The PCOLA adjustment on each applicable October 1 will be the lesser of:

90% of the annual percentage change in the government's Consumer Price Index, computed as of the previous July, and

The annual percentage change in COLA increases payable to an active employee with a base hourly rate in the middle of the range for Benefit Class Code B, computed as of the previous July.

Both the PCOLA adjusted Basic Pension Benefit and the total pension benefit of an individual pensioner may not exceed the corresponding pension benefit for an active employee retiring at the same time.

Ford Motor Company of Canada Limited

CAW Retirement Pension Plan No. 1

There are no further Adjustment Dates under the terms of the September 2012 Collective Bargaining Agreement.